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6 November 1958

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CURRENT INTELLIGENCE WEEKLY REVIEW

Office of Current Intelligence
CENTRAL INTELLIGENCE AGENCY

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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

ARAB-ISRAELI TENSIONS Page 1

The public announcement on 5 November of King Husayn's imminent departure from Jordan on vacation is likely to increase Arab apprehensions that developments there could lead to Israeli military action. The Israelis are ready to move if pro-UAR developments threaten in Jordan, [redacted]

[redacted] UAR forces are maintaining a precautionary alert. Although Iraq on 4 November canceled the alert of its ground forces, including those earmarked for possible intervention in Jordan, Iraqi forces presumably remain in position to move on short notice. [redacted]

SITUATION IN IRAQ Page 2

Forces for and against union with the UAR are continuing to compete for influence in Baghdad, with Prime Minister Qasim tending to take a more pronounced anti-union position in the face of UAR-inspired agitation. The threat of open clashes on a large scale between the two sides may have been avoided by the arrest of former Deputy Premier Arif, who returned unexpectedly to Baghdad from Vienna on 4 November. The Baghdad regime apparently does not want any open break with Nasir at this time, however, as it has refrained from attributing Arif's "plotting" to the UAR. [redacted]

TAIWAN STRAIT SITUATION Page 3

Peiping has attempted to maintain the initiative on the offshore islands issue with a mild blend of political and minimum military action. With a one-day burst of heavy firing on the Chinmens, propaganda charges that the Nationalists have used poison gas, [redacted] Peiping has indicated its determination to keep the issue alive. [redacted]

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PART I (continued)

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SOVIET MOVES IN GENEVA TALKS Page 7

At the opening session of the Geneva conference on discontinuance of nuclear weapons tests, the Soviet delegate presented a draft agreement which called for an immediate, permanent test ban. He asserted Moscow was prepared for detailed negotiations on a control system, but only after the United States and Britain agree to a permanent cessation of tests. The continuation of Soviet testing after the opening of the talks probably reflects the Soviet leaders' concern that a suspension of their tests might be interpreted as acceptance of the Western proposal for a one-year moratorium which, in Moscow's view, would dangerously restrict Soviet freedom of action. [redacted]

[redacted]

PART II

NOTES AND COMMENTS

PEIPING PUSHES CONSOLIDATION OF PEOPLE'S COMMUNES Page 1

Peiping is pushing ahead with the more extreme social aspects of its communalization program. Reports from mainland China indicate some peasant unhappiness over the changes, but no active opposition has been noted. Peiping claims that over 90 percent of the poor and middle peasants in one area actively supported the move; such opposition as was encountered came from comparatively well-to-do peasants, who had the most to lose. Steps are being taken to extend the system to urban areas, and a commune has now been identified in a mining district of Shansi with 150,000 members, 23 factories and mines, and 75 villages. [redacted]

[redacted]

BLOC REACTION TO CHINESE COMMUNES Page 2

China's headlong drive to establish "people's communes" has elicited only minor and noncommittal public comments from the USSR, which may have misgivings about the Chinese innovation. Moscow and Eastern European

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satellite commentary is agreed that this experiment is only applicable to China, but variations in press handling suggest that Moscow is still undecided how best to treat the issue. [REDACTED]

REVERBERATIONS OF PASTERNAK'S NOBEL PRIZE AWARD Page 3

Soviet leaders appear to have abandoned any idea they may have had of forcing Pasternak into "voluntary" exile. The regime may now hope to reaffirm the discipline of "socialist realism" in the creative arts in less virulent terms, since the violence of its first attacks has made them counterproductive. Popular Soviet interest in Pasternak has been intensified greatly by the vehemence of the attack against him and has begun to have an adverse effect on the USSR's program for cultural exchanges. [REDACTED]

FRIENDSHIP, SOLIDARITY STRESSED DURING GOMULKA'S VISIT TO USSR Page 4

Speeches during the visit of Polish party Secretary Gomulka to the Soviet Union have been filled with expressions of "undying friendship, solidarity, mutual aid, and socialist progress." Formal substantive talks reportedly are not being held during the visit, although Khrushchev has offered Gomulka "friendly advice" on such problems as recollectivization, control of the Catholic Church, and excessive freedom of expression. [REDACTED]

POLES PUBLISH NEW FIVE-YEAR PLAN (1961-65) Page 5

The goals of Poland's Five-Year Plan for 1961-65, which were published in connection with the October meetings of the 12th plenum of the party central committee, reflect party Secretary Gomulka's confidence in continued loose economic relations with other bloc countries and the same realistic approach to economic planning he has shown since his accession to power in 1956. The new plan calls for an increase in industrial production of 50 percent over the 1960 level, a goal considered too modest by some of the planners at the plenum. The projected rise in the standard of living--approximately 25 percent--will probably not greatly alleviate the dissatisfaction with poor living conditions, but it will reduce some of the worst shortages. [REDACTED]

HUNGARIAN REGIME CLAMPS DOWN ON CATHOLIC CHURCH Page 7

The Hungarian Government recently forced the Vatican's special representative to the Catholic Church in Hungary from office and has made other moves to isolate

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the church further from outside influences and to destroy it as a symbol of Hungarian nationalism. While generally not using the police-terror tactics common in the Rakosi era, the regime has used financial pressure and police harassment to restrict the activities of the local parish priests and to force members of the church's hierarchy to conform. The status of Cardinal Mindszenty, long separated from church affairs and considered a convicted criminal by the regime, does not at the moment figure in the controversy. []

USSR ACTS TO INTEGRATE BLOC TELECOMMUNICATIONS Page 8

The USSR, intent on achieving a "unified system of telecommunications" within the bloc, has promoted a series of intrabloc conferences to this end, and a new organization has been formed of all bloc members. Specific plans have been made to modernize facilities and standardize equipment and procedures. []

SOVIET ECONOMIC DELEGATION TO VISIT THE SUDAN Page 9

The USSR's economic delegation scheduled to arrive in Khartoum in mid-November probably will find the political and economic climate considerably more favorable to encourage Sudanese acceptance of aid than in the past. The Soviet delegation probably will propose large-scale assistance for the Sudan's economic development program. In addition to machinery, materials, and technical assistance, Moscow may offer some foreign exchange in return for Sudanese cotton. []

BRITAIN'S PROBLEMS IN ADEN Page 9

The recent anti-British rioting in Aden Colony highlights the difficulties London faces in its efforts to retain some influence in the southeastern Arabian peninsula by granting timely concessions and making a new propaganda effort against UAR influence. London hopes to inaugurate the Western Aden Protectorate Federation by next April, link Aden Colony to it a few years later, and grant it self-determination within ten years. Meanwhile, Britain plans to hold Legislative Council elections in Aden Colony on 4 January 1959. Cairo radio is calling for a boycott of them. []

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INDIAN COMMUNIST PARTY DEVELOPMENTS Page 11

A sharp policy debate being waged within the Indian Communist party leadership may result in a gradual shift in tactics away from the present "peaceful" approach toward a somewhat harder line. Factional infighting has intensified during the past two months as the party's position in Kerala State has grown more difficult and the national strategy adopted in April has come increasingly into question. [REDACTED]

POLITICAL AGITATION IN CEYLON Page 12

The Ceylonese press and opposition parties are attacking the Bandaranaike government, following the lifting of some emergency regulations. The island's economic deterioration is the principal antigovernment theme at well-attended political meetings of the United National party and the Trotskyite Lanka Sama Samaj party (LSSP). The LSSP may stage some strikes based on economic demands and designed to harass the government. [REDACTED]

LAOTIAN GOVERNMENT'S POSITION PRECARIOUS Page 12

Laotian Prime Minister Phoui Sananikone is meeting bitter resistance to his reform program from the governing Rally of the Lao People. He feels he is fighting a two-front war--against the Communist-dominated Neo Lao Hak Zat and against his own party. This opposition will seriously hinder his efforts to reverse the Communist trend before the national elections in December 1959. Disgruntled deputies may seek an early opportunity to join with the opposition to oust the government. [REDACTED]

OPPOSITION TO SARIT DEVELOPING IN THAI MILITARY GROUP . . . Page 13

Marshal Sarit seems to be faltering in his efforts to renovate Thailand's political institutions. Certain key leaders of his military group are becoming impatient with his tendency to retain the right to make all decisions. If Sarit continues to isolate himself from the group and delays too long in forming a cabinet which will accommodate its interests, he will become increasingly vulnerable to attempts to oust him. [REDACTED]

INDONESIA'S CAMPAIGN AGAINST CHINESE NATIONALISTS Page 14

The Indonesian Government's growing drive against pro-Kuomintang elements was begun in retaliation for Taiwan's support of the dissident movement, but long-standing

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racial antipathy is giving it impetus. The government recently closed all remaining pro-KMT Chinese schools, leaving those of pro-Peiping orientation. Seizures of Chinese businesses, which follows similar action against Dutch interests, will further aggravate Indonesia's economic ills. []

PEIPING MAINTAINS HOSTILITY TOWARD TOKYO Page 15

Communist China shows no sign of softening its harsh conditions for resuming trade or cultural relations with Japan. []

BRAZIL MAY EXPAND TRADE WITH SOVIET BLOC Page 16

Brazil's approval on 30 October of its first post-war barter deal with the USSR, involving a small quantity of Soviet crude oil in exchange for cocoa, is one of several indications that the government may respond favorably to more of the bloc's many recent trade and barter proposals. Publication in Brazil on 11 October of a new statement by Soviet Premier Khrushchev--repeating previous calls for formal ties with Brazil--is likely to revive public debate on the issue of diplomatic relations. []

THE POSTELECTION SITUATION IN CUBA Page 17

The easy victory of Andres Rivero Aguero, President Batista's hand-picked successor, in the 3 November general elections has not improved prospects for ending Cuba's two-year-old civil war. Rivero is unacceptable to the Fidel Castro rebel movement. []

FRENCH ECONOMIC PROBLEMS Page 18

France's economic and financial situation remains precarious, despite a rise of about \$400,000,000 in its gold and dollar reserves since May which resulted mainly from the special internal gold loan of last summer. Trade and payments balances continue to be adverse, and experts of the European Payments Union believe a devaluation of the franc may be necessary soon. The government's financial outlook is complicated by the imminence of renewed

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wage demands and the likelihood that De Gaulle's socio-economic proposals for Algeria will be at least as costly as military pacification. []

EUROPE'S FREE TRADE AREA NEGOTIATIONS Page 19

The OEEC's Intergovernmental Committee on a European Free Trade Area plans further sessions on 13 and 19 November in an effort to break the impasse between France's demand for protecting its industries and Britain's insistence on freer access to the Continental market without prejudicing its world trading interests. The course of events at the 23-30 October meetings, however, suggests that the 17 nations involved are unlikely to reach agreement until London and Paris work out some deal, probably involving more than economic questions.

[]

PART III

PATTERNS AND PERSPECTIVES

THE ITALIAN COMMUNIST PARTY: STATUS AND PROSPECTS Page 1

Italy's Communist party, the largest outside the Sino-Soviet bloc, continues to maintain its appeal to the electorate despite a decline in actual party membership and friction among leaders that may lead to an organizational shake-up at a prospective party congress in early 1959. These handicaps are offset by the Communists' persistent appeal to the protest vote--still not effectively challenged by other parties--and by their continuing dominance of the labor field. Their future in Italy depends to a large extent on the eventual path taken by the Nenni Socialists.

[]

SITUATION IN THE PHILIPPINES Page 4

The drift in the Philippine economy and the decline of political integrity and efficiency since Carlos Garcia became president are causing growing popular disillusionment and mounting criticism even from Garcia's own party. The recent political focus on Defense Secretary Vargas as a man who could restore strong leadership,

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[] Moves by Garcia in the direction of greater political interference with the armed forces, and his

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continued failure to check the slow economic deterioration, may intensify military discontent. [redacted]

COMMUNIST REGIMES IN EASTERN EUROPE REGAINING STABILITY . . Page 7

Despite considerable diversity in internal policies, the regimes of Eastern Europe have restored a substantial degree of stability and self-confidence since late 1956. Most of the satellite leaders appear to have benefited from the increased authority and direction which Khrushchev's present bloc policies have given them in dealing with party factionalism, bureaucracy, industrial inefficiency, and potential dissidence among the general population. The USSR's success in achieving bloc unity and re-establishing its control may be diluted in the long run, however, by individual state interests and demands for locally oriented party programs. [redacted]

SURPRISE ATTACK IN SOVIET MILITARY DOCTRINE Page 12

Since 1954 the role of surprise attack has been given increasing weight in Soviet military doctrine, and recent articles by Soviet military theorists recognize its importance in modern warfare. Perhaps to avoid the implication that the USSR could be defeated by a surprise attack and reflecting Soviet rejection of "adventurist" reliance on surprise, other important factors, such as the economic base and geography, are still stressed. [redacted]

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PART I

OF IMMEDIATE INTEREST

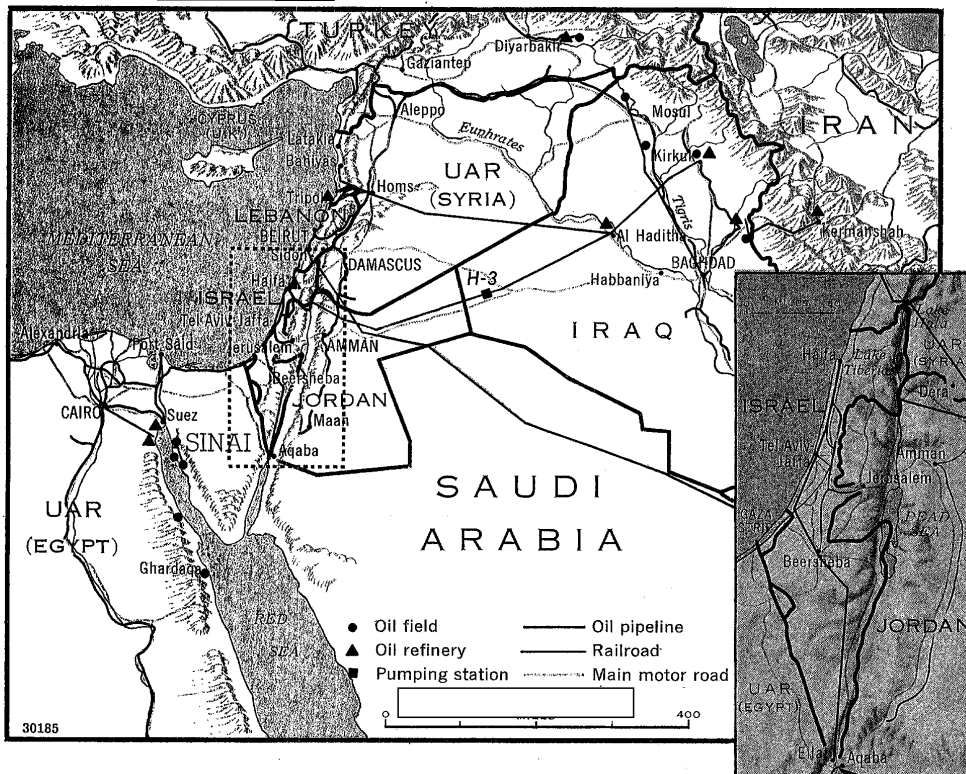
ARAB-ISRAELI TENSIONS

Arab fears of an Israeli attack on Jordan have diminished somewhat, but may well rise again with the public announcement this week that King Husayn intends to leave the country on 10 November for a European vacation. Husayn has made a tour of Jordanian military installations in preparation for his departure

last British combat troops left from the port of Aqaba on 2 November.

Husayn will leave the country in the hands of a regency council composed of moderate individuals with limited powers --they will not be able, for example, to accept the resignation of the prime minister. While Husayn and Prime Minister Rifai have dismissed as gossip the suggestion that Husayn may not be planning to return to Jordan, the realization that the entire royal family will be absent during this period

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has produced widespread rumors and is contributing to a popular feeling of uncertainty and apprehension.

A new clash between the Israelis and the Syrians over Israeli operations in the vicinity of Lakes Hula and Tiberias appears to have been avoided temporarily. These areas were the scene of considerable shooting last spring [REDACTED]

[REDACTED]
[REDACTED]
In response to requests from UN truce officers, the Israelis halted their work, at least temporarily. [REDACTED]

[REDACTED]
Israel retains, however, the capability of operating against West Jordan with the [REDACTED] troops now on duty, and would need to mobilize only after it had launched an operation. [REDACTED]

[REDACTED]
A state of alert is still being maintained in the UAR, but there has been no large-scale mobilization. The Egyptian Navy has sent two submarines south through the Suez Canal, possibly destined ultimately for the new base at Ghar-daqa (Hurgada) on the Red Sea. This would be the center for any Egyptian naval operations against the Israelis in the Gulf of Aqaba.

Iraq on 4 November called off the state of military alert it had been maintaining, including that for units earmarked for possible use in Jordan.

SITUATION IN IRAQ

Forces for and against union with the UAR are continuing to compete for influence in Baghdad, with Prime Minister Qasim tending to take a more pronounced antiunion position in the face of UAR-inspired agitation. The threat of open clashes on a large scale between the two sides may have been avoided by the arrest of former Deputy Premier Arif, who

returned unexpectedly to Baghdad from Vienna on 4 November. Arif, who earlier had asked and been refused official permission to drop his assignment as Iraqi ambassador to West Germany and return to Iraq, is scheduled for trial on charges of plotting against the state.

Arif's arrival followed by a day the departure of UAR

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Minister of Culture Husayn, whose visit was made the occasion for demonstrations by pro- and anti-UAR groups which in some cases were accompanied by violence. During the clashes, the police stood aside, and the intervention of the army appeared to favor the anti-UAR demonstrators, who were probably largely organized by Communist elements. UAR representatives called this situation to the attention of Qasim and pressed him for a statement of his attitude toward union with the UAR, but were put off.

These developments are leading UAR officials in Baghdad to the conclusion that the trend in Iraq is against any close association with Cairo, and they tend to attribute this to Communist influence. The UAR military attaché reported on 3 November, for example, that a group around Kamil Chadirchi, a leftist and one of Qasim's

principal civilian advisers, had decided to drop the slogan of "federal union" with the UAR and wished instead to work to detach Syria from the union with Egypt. The attaché predicted that "Communists" would soon begin to agitate in Syria toward this end.

The UAR has been supporting pro-UAR elements clandestinely, to the extent of promoting agitation among junior army officers who feel they are not adequately represented in the regime, but Cairo appears undecided how to handle the situation publicly. Cairo propaganda media have not commented on the news of Arif's arrest, and Nasir may wish to remain silent on this evidence of Iraqi resistance to the expansion of his influence. Baghdad, too, probably does not wish any open break, partly because it is still relying on the UAR's military strength for defense.

TAIWAN STRAIT SITUATION

Communist China's Premier Chou En-lai and Foreign Minister Chen Yi have both recently made statements intended to create the impression that Peiping is "in no hurry" to resolve the Taiwan situation.

Fei I-min, editor of Hong Kong's major Communist daily newspaper, [redacted]

[redacted] was summoned to Peiping in mid-October for an interview with Chou En-lai. In outlining Chinese Communist policy toward Taiwan, Chou told Fei that "with the passing of time, the Nationalists might come around to the idea of negotiating" a settlement with Pei-

ping. Fei may have passed on the information knowing it would reach a Western government.

Chou declared that the Communists did not want to use force to capture Taiwan or to press the Nationalists "too hard," as the reaction would be adverse to Peiping's international prestige and might cause the Nationalists to yield "totally" to American demands. Chou said he believed UN members have appeared more friendly toward the Communists, and his government does not wish "to spoil this gain" and endanger by a show of force in the Taiwan area its chance of entering the UN.

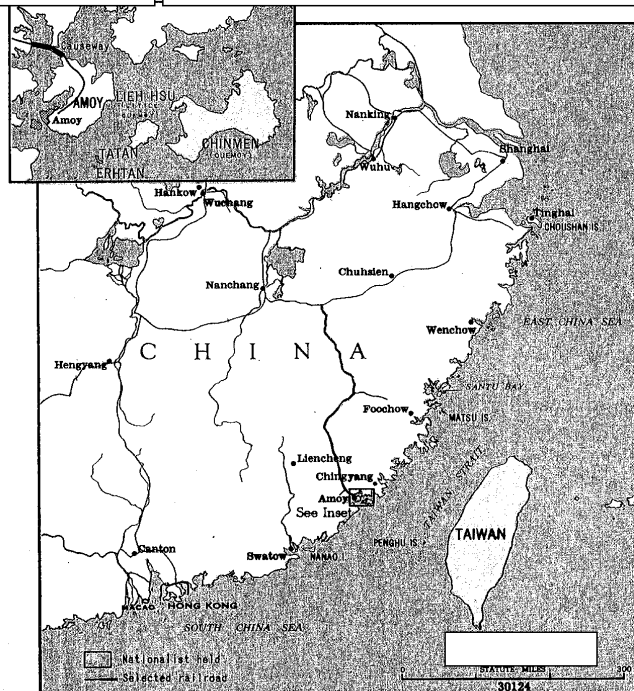
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Chou added that war would "delay" the Chinese Communist program of construction and that Peiping does not wish to disturb the "trend toward coexistence."



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"some fruitful results" from the Warsaw talks.

Chinese Nationalist Vice President Chen Cheng's references on 1 November to an attack on the mainland probably prompted Peiping to show the Nationalists the realities of the offshore islands situation. A sharp outburst of shelling on 3 November totaled about 39,000 rounds

Besides attempting to emphasize the hopelessness of a "return to the mainland," the shelling was probably intended to dispel any notions that Peiping will allow tension in the area to subside at this time. The Communists' warning from the "Fukien Front," which preceded the 3 November outburst, reminded "compatriots" on Chinmen of the "odd day," suggesting that Peiping hopes it can force the Nationalists to resupply only on Communist-designated dates.

Peiping-Taiwan Negotiation

The Communists are continuing their efforts to convince Taiwan that negotiations with Peiping offer the best hope for the future and to demonstrate to the world that the Nationalists, being Chinese, will eventually deal with the mainland regime.

Poison-Gas Charge

On 4 November, Peiping charged that the Nationalists had used shells containing "persistent poison gas" in the heavy exchange of fire the day before. This is the first time in this strait situation that the Communists have made a charge of this kind. As of 6 November there had been only a limited follow-up in Chinese Communist and other bloc propaganda media. The Nationalists used a relatively large amount of white phosphorous in their counterbattery fire on 3 November, but this kind of ammunition has been used before by both the Nationalists and the Communists.

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Chiang-Dulles Communiqué

Following the Chiang-Dulles communiqué, some Taiwan "liberal" and anti-Kuomintang newspapers have begun to call for "realism" in admitting that a Nationalist counterattack against the mainland cannot now take place. These newspapers urge the repeal of repressive measures such as the restrictive publications law as "political" preparation for recovery of the mainland.

One newspaper notes that the convening of an anti-Communist National Salvation Conference representing all free Chinese would raise the morale of Overseas Chinese and promote the political offensive against the Communists. This probably represents liberal aspirations for an effective opposition party to the Kuomintang, which might stem from such a conference.

[REDACTED]

The reaction of Asian government leaders to the Chiang-Dulles communiqué varied with the political outlook of the government. Governments which support the Chinese Nationalists, such as those of South Vietnam and Thailand, and others which are pro-Western, like Malaya and Japan, welcomed the communiqué as relaxing dangerous tensions. The official South Korean attitude was one of disapproval, [REDACTED]

[REDACTED] The neutralist reaction was noncommittal. Throughout Asia, the communiqué received relatively little public and press attention.

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SOVIET MOVES IN GENEVA TALKS

At the opening session on 31 October of the talks in Geneva on a nuclear test cessation agreement, Soviet delegate Tsarapkin drew a clear distinction between the American and British call for a "temporary one-year suspension" and the Soviet position for a cessation of nuclear tests "forever." Tsarapkin then presented a draft proposal which called for a permanent test ban and agreement to establish control machinery to supervise such a ban. He said he was prepared for detailed discussions on the unresolved questions concerning the control system, but only after agreement was reached on a permanent cessation. Tsarapkin repeated the usual Soviet position that, despite numerical inequality with Western tests, Moscow would cease testing immediately if the United States and Britain agreed to a permanent cessation.

On 1 November in an informal meeting Tsarapkin presented a proposed agenda for the talks, placing a permanent test-ban agreement ahead of discussion of the control system. At the second meeting on 3 November Tsarapkin argued that the American position of setting up a control system for merely a "one-year" suspension was "illogical," implying that Moscow believes the West has no intention of continuing the ban beyond a single year. At the third meeting on 4 November, Tsarapkin stated categorically that the Soviet Union would agree to a control system only if the West agreed to a permanent cessation and that therefore the question of control would become pertinent only under such conditions.

The continuation of Soviet testing after the opening of the Geneva conference probably reflects Soviet concern that suspension now might be interpreted as acceptance of the US-UK one-year test moratorium which, in Moscow's view, would dangerously restrict Soviet freedom of action. The Soviet delegation at Geneva can be expected to stand firm on its proposal for a permanent unconditional ban. The Soviet leaders probably hope they can bring further pressure on the Western position by warning that the USSR will halt its tests only after the United States and Britain agree to this proposal.

The decision to continue testing may have resulted from a last-minute reappraisal of the Western position in the light of Secretary Dulles' statement of 28 October that the US-UK proposal "involves really a two-year suspension." Moscow may have judged that this statement foreshadows

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greater flexibility in the negotiations than it had earlier believed to be the case.

As late as 27 October, Soviet [REDACTED] statements suggested that Moscow intended to withhold further tests at least during the initial phase of the Geneva talks.

[REDACTED]

On 27 October, Soviet Deputy Foreign Minister Zorin implied that Moscow would

resume testing only if the Geneva talks failed to produce agreement on a permanent and unconditional test cessation.

However, on 30 October, Moscow shifted to a harder line, asserting in an official statement that it would continue testing "as long as the governments of the United States and Great Britain continue to wreck agreement...." The Russians may calculate that this reversion to a harder line, including further testing, would be the most effective way of forestalling Western moves toward the Soviet position, which could seriously embarrass Moscow.

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NOTES AND COMMENTS

PEIPING PUSHES CONSOLIDATION OF PEOPLE'S COMMUNES

The Chinese Communists are pushing ahead rapidly to consolidate the new "people's communes" in rural areas and to establish them in the cities. Only minor opposition has been encountered so far, despite evidence that the more extreme aspects of the program--establishment of communal mess halls and nurseries, relocation of housing, and the disruption of families--are being actively implemented.

After a "survey" in a county in Honan Province where the commune system was first introduced, Peiping announced that over 90 percent of the poor and middle peasants--on whom the regime has relied heavily in campaigns of this sort--"positively" supported the communalization drive, another 8.6 percent "swam with the current," while 1 percent "impeded or opposed" the movement.

The little opposition encountered thus far has come largely from the comparatively well-to-do peasants, who have reason to fear, as Peiping put it, "the sharp knife cutting the roots of private ownership." Peiping admits that such peasants incited poorer ones in a "few" instances to kill fowl and hogs, eat and drink excessively, and dissipate common funds belonging to the collectives.

Peiping says the "perfection" of such aspects of the program as common barracks, mess halls, and nurseries, which will "replace the family unit," is an "important key" in consolidating communes.

In three separate areas of South China's Kwangtung Province, where the family tradition

is well entrenched, whole villages have been razed and the populace moved into barracks where as many as 10 to 12 persons are assigned to a room. Families so assigned are split up, and individual members are frequently sent into different districts. People are fed in common messes. Children--described locally as "Mao's children"--are taken from their parents, who thenceforth see them only rarely. While peasants are apparently unhappy over the situation, no active resistance to Peiping's efforts has been reported. A considerable amount of discontent, however, is reported in the Foochow area over the distribution of housing.

On the economic side, it is possible that the majority of communes remain largely paper organizations. This is in keeping with Peiping's proposals to concentrate first on the top administration of the new communes, leaving the old organizations and management system relatively unchanged. Early trade and financial problems arising from the communes are being attacked by making the communes "unconditionally" responsible for the fulfillment of state plans for the procurement of farm products, for selling their members all items which come under the state's sales plans, and for computing as well as collecting all taxes due the state. Local trade and financial institutions are being handed over to the communes. The concentration of financial and trade power in the hands of the communes will probably facilitate another of Peiping's reiterated aims--that of restricting individual consumption in the interest of increasing the

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accumulation of common funds in the commune.

The new commune system is being actively extended to urban areas. The official People's Daily has stated that an experiment with urban communal living got started in Shansi Province "at the beginning of the year," when housing facilities in the Yangchuan mining

district were reallocated. Communal mess halls and nurseries were set up later. The daily now refers to this as the "Yangchuan Mining Area People's Communes" and says it includes a total population of 150,000, as well as 23 factories and mines and 75 villages.

(Prepared jointly with ORR)

BLOC REACTION TO CHINESE COMMUNES

China's headlong drive to establish "people's communes"--the most revolutionary program in recent Communist history--has elicited only minor and non-committal public comments from the USSR, which may have misgivings about the Chinese intention to follow an independent and untested road to Communism. Moscow and Eastern European satellite commentary is agreed that this experiment is applicable only to China, but variations in press handling suggest that Moscow is still undecided how best to treat the issue.

The doctrinal aspects of the communes campaign may have aroused apprehension that Peiping might undercut Moscow's leadership in the Communist world, including the USSR's prerogative to define the path of "socialist development." Bold, unqualified Chinese assertions that the commune is the best organizational form for a gradual "transition from socialism to Communism," as well as that it will eventually become the basic unit in Communist society, go much further than any Soviet claims for its own organizational innovations. The Soviet leaders do not claim to have finally found the correct form for the "transition to Commu-

nism." Further, the Chinese now are treading a very difficult path--one which the Soviet Union itself rejected in the 1920's.

The Chinese initiative may be particularly embarrassing at a time when Khrushchev is undertaking his own extensive modifications in the Soviet countryside. Moscow is to a large degree hamstrung, however, by the necessity of preserving the appearance of bloc unity.

The Soviet press has reproduced the full text of the Chinese central committee resolution establishing the communes, and it has printed several articles by Chinese officials in which optimistic claims for the new system were repeated. Very few of Moscow's own articles on the communes have appeared, however, and those have been largely descriptive in nature, conspicuously ignoring the Chinese claim of rapid "progress toward Communism." None of the Soviet leaders has commented publicly on the development.

Soviet commentaries on 1 October, the Chinese Communist national holiday, ignored the commune movement, although this

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was the most prominent feature of Peiping's National Day propaganda. In the slogans for the 41st anniversary of the October Revolution, Moscow hailed the Chinese as people who, like the satellites, are still "building socialism," but no gestures whatever were made toward acknowledging the rapid approach of Communism, as Peiping has claimed.

A passage from the Chinese central committee directive was altered in a recent article in Izvestia. The original passage stated: "The establishment of Communism in China is no longer a remote future event"; Izvestia, however, substituted the word "communes" for "Communism."

Only one Soviet article, published in the October issue of Questions of Economics, has broached the ideological issue. The article does applaud the commune as a "basic social entity of the approaching Communist society," as well as a necessary measure "for building socialism in the shortest time and for the gradual transition to Communism"; nevertheless it is stressed that this measure is suitable only for the Chinese.

Eastern European comment has been less restrained than that of Moscow in discussing the communes, but there has been no suggestion that the system is

applicable outside China. The commune has been described, and the people have been informed of the Chinese claim that it is a significant "step toward Communism."

The Slovaks, for example, were told: "Here is an embryo of Communist society." Hungarian readers have learned that every development toward Communism in China will sooner or later have its effect in Hungary, but that the commune system does not appear directly applicable to the Hungarian scene. The Polish press has insisted that the Chinese experiment "cannot be repeated." The Poles explicitly deny that "democracy" will be endangered in China by this experiment, but they seem to betray their apprehension by so doing.

The East Germans, Czechs, and Hungarians go considerably beyond Moscow's reserved treatment and show enthusiasm for the commune system insofar as it is applicable to the Chinese scene. East German Premier Grotewohl, the only bloc leader to comment on the communes thus far, praised them in a speech on 5 November as a "splendid socialist development in China" which has "started the Chinese people on the road to Communism."

REVERBERATIONS OF PASTERNAK'S NOBEL PRIZE AWARD

With the publication of Pasternak's letter begging Khrushchev not to force him to leave the USSR, the Soviet leaders appear to have abandoned any idea they may have had of inducing the Nobel Prize winner into "voluntarily" leaving, and they halted the flood of press abuse.

On 6 November a second letter from Pasternak was released. Addressing himself to the editors of Pravda, the author reaffirmed the voluntary nature of his actions and his strong ties with his country. He expressed regret that he had not been aware of the possibility that his novel might

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be misinterpreted as an attack on the Soviet system and that corrections had not been made before publication in Italy.

The regime may now hope to reaffirm the discipline of "socialist realism" in the creative arts in less virulent terms, since the violence of its first attacks has made them counter-productive.

Popular interest in Pasternak's works, which was stimulated by the Nobel Prize award, has been greatly intensified by the vehemence of the Soviet attack against him. Typewritten copies of Pasternak's poems are apparently getting wide circulation, and an Italian publisher has estimated that over 1,200 Russian-language copies of the prize-winning novel, which were disseminated at the Brussels Fair, reached the USSR. A lecturer at Moscow University who denounced Pasternak in the strongest terms as a traitor to the people was confronted with heated questions from students as to why they were not trusted to read Dr. Zhivago and make up their own minds about it.

The episode has begun to have adverse effects on the Soviet program for cultural exchanges with foreign countries, and it has done much to damage the USSR's standing abroad. From Moscow's point of view, the reaction in the Asian-African neutralist countries has been

particularly serious. For example, a Rabat daily newspaper, Al Alam, rarely critical of Soviet policies, commented that whatever charges the USSR may bring against the West in the future, it "will never be able to deny its suppression of Pasternak." Several publishers in Cairo are apparently anxious to publish Dr. Zhivago in Arabic. The Times of Karachi noted that this "despicable incident" made a "complete farce" of the much-trumpeted Afro-African Writers' Conference.

The Brazilian paper Ultima Hora, which has in the past taken the lead in movements for a rapprochement with Moscow, termed the incident an act of "cultural terrorism" and mourned that hopes for greater cultural freedom in the USSR had been dashed.

There have been demands in the Norwegian press that the cultural exchange agreement recently signed with the USSR be abrogated. A Swedish-Russian youth exchange scheduled for the end of this year may be postponed indefinitely to underscore Swedish disapproval of the Soviet attack on Pasternak. A public protest signed by 28 Austrian writers urged that all future Western contacts in cultural and scientific fields be made conditional on Pasternak's complete rehabilitation, both as a Soviet citizen and as a writer. []

FRIENDSHIP, SOLIDARITY STRESSED DURING GOMULKA'S VISIT TO USSR

Speeches during the visit of Polish party secretary Gomulka to the Soviet Union have been filled with expressions of "undying friendship, solidarity,

mutual aid, and socialist progress." Formal substantive talks reportedly are not being held during the visit, although Khrushchev is said to have

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offered Gomulka "friendly advice" on Polish internal problems without putting any pressure on him.

Khrushchev thought the Poles should move as rapidly as possible toward recollectivization. He particularly stressed the necessity of bringing the Catholic Church under control, and warned against permitting excessive freedom of expression in Poland. Poland and other Eastern European countries should also be on guard against Western maneuvers to use satellite circles as a means of interfering in Soviet internal affairs, Khrushchev asserted.

The Russians have given the Poles the same "red-carpet" treatment they gave Czechoslovakia's hard-line Stalinist leader Novotny during his tour of the Soviet Union last summer. Khrushchev apparently wishes to demonstrate both to the bloc and to the West that he has accepted Gomulka. On 3 November the Soviet premier said: "There are no issues separating us--none on which we have some special opinion different from the point of view of the Polish comrades."

Relations between the USSR and Poland have improved noticeably in recent months, despite an apparent absence of fundamental concessions by either side. Khrushchev now seems con-

vinced that Gomulka is capable of maintaining control in Poland--an important consideration for the Kremlin--and that he will continue to advance the cause of Communism in Poland.

Throughout the tour, the Poles have refrained from the usual slavish satellite references to the leadership of the Soviet Union in the "socialist camp," but have emphasized that their alliance with the USSR is a cardinal point of Polish policy. Gomulka has consistently maintained his basic position on the "Polish road to socialism," but on one occasion he spoke of the "honorary, responsible, leading role" of the Soviet Communist party. This is as far as he has ever gone in conceding Soviet leadership of the bloc. The Poles have stressed, however, the necessity and advantages of maintaining the "friendship and monolithic unity of the socialist countries."

In several speeches Gomulka blasted the revival of German militarism and warned that West Germany's hostile attitude is not only a threat to Poland, but also to the peoples of the Soviet Union. Gomulka voiced his assurance that "socialist unity and the Warsaw Pact" stand as inviolable bulwarks against German revanchism.

POLES PUBLISH NEW FIVE-YEAR PLAN (1961-65)

The directives for Poland's Five-Year Plan for 1961-65 outline a program characterized by the same realistic approach to economic planning that party Secretary Gomulka has shown since his accession to power in 1956. The proposed increase in indus-

trial production of 50 percent above the 1960 level is virtually the same as the rate of growth projected--and being achieved--in the present five-year plan (1956-60), after Gomulka cut back its goals in mid-1957. The planned growth in industrial

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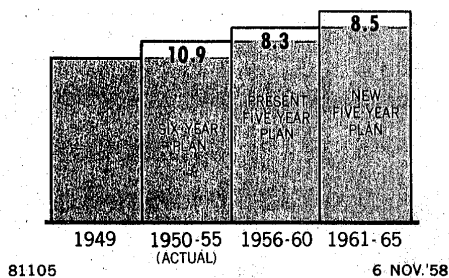
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production, which will depend largely on a planned 40-percent increase in industrial productivity, implies a continuation of the stable economic relationships with the bloc and an even greater dependence on the Soviet Union for industrial raw materials than before.

Some disagreement among party members reportedly arose at the 12th central committee plenum in October over the "tempo of the development of the national economy." Some officials concerned with economic matters pressed for a more ambitious plan; however, the pro-

POLISH INDUSTRIAL PRODUCTION
AVERAGE YEARLY PERCENTAGE INCREASE



ponents of a more "sensible" economic policy--this group reportedly included Oscar Lange, the leading Polish economic theoretician--prevailed by pointing to past errors such as the excessive investment rate, overcentralization of planning, the lack of material incentives to raise production, and the failure to increase agricultural production.

Agricultural output is slated to increase 20 percent during the course of the plan, and the liberal agricultural policies which have caused Gomulka to be criticized in the bloc are to be continued. While

certain forms of "socialist competition" are to be promoted, forced collectivization of agriculture is rejected. Compulsory deliveries of produce are eventually to be abolished, possibly in 1959 if an acceptable tax system can be devised as a substitute by that time. Gomulka rejected criticism of his liberal farm policies by stating that these had proved themselves economically.

One of the principal goals of the plan is the creation of a surplus of exports of goods and services sufficient to repay foreign debts incurred earlier. Great emphasis is to be placed on a rapid expansion of machinery exports, supported by a 70-percent increase in machinery production and by agreements with other Soviet bloc countries through the Council for Mutual Economic Assistance for specialization of production. The production of chemicals is to be doubled--a step which is expected to help relieve the strain on the balance of payments by reducing chemical imports.

Other important goals include the rapid development of domestic output of basic materials and power, improvements in housing conditions and municipal utilities, and the provision of greater production capacity in the food and light industries. In support of these goals, the share of the national income devoted to investments is to rise. Supplies of goods for the people are to increase more slowly than in the past few years, although greater emphasis is being assigned to long-neglected services and trade. In general the planned 23-25 percent rise in the real income of workers and farmers will probably not greatly alleviate present dissatisfaction with low living standards, but it will reduce some of the worst shortages.

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HUNGARIAN REGIME CLAMPS DOWN ON CATHOLIC CHURCH

The Hungarian Government in recent months has been tightening its stranglehold on the Catholic Church, the predominant religious organization in Hungary, in order to isolate it further from outside influences and to destroy it as a symbol of Hungarian nationalism. While generally not using the police-terror tactics common in the Rakosi era, the regime nevertheless has used financial pressure and police harassment to restrict severely the activities of the local parish priests and to force members of the church's hierarchy to conform. The status of Cardinal Mindszenty, long separated from church affairs and considered a convicted criminal by the regime, does not at the moment figure in the controversy.

On 17 October the Hungarian Presidential Council accepted the "resignation" of Bishop Mihaly Endrey, administrator of the Esztergom Archdiocese, largest in Hungary. Bishop Endrey, who as special apostolic delegate has been the Vatican's representative to the Hungarian church, had been empowered to administer the archdiocese during the incapacity of Cardinal Mindszenty, its actual head.

In addition to forcing recalcitrant members of the clergy from office, there are indications that the regime, by taking advantage of its right under the 1950 church-state agreement to rule on appointments of church officials, will try to fill vacant church posts with priests loyal to the state. Apparently the church has now been forced to give its permission for three excommunicated "peace priests" to run for Parliament in the current elections.

The regime is using the church's dependence on state financial support as an additional lever to apply pressure. Following a series of meetings in September with the church hierarchy in which the latter apparently was forced to endorse regime policies, the government in September for the second time postponed a scheduled reduction in its annual subsidy to the church. This quid pro quo was used by the state to foster the impression that it is pursuing a benevolent policy toward the church.

At the time of the 1950 church-state agreement, it was envisioned that the reduction in church funds would be at least partially met by donations from the Hungarian faithful. This has not occurred, however, not only because Hungarian Catholics have few funds to provide, but possibly also because they are under the impression that state support is adequate.

Although the bulk of the state subsidy goes to pay priests' salaries, this is insufficient to maintain even a subsistence level. To make his situation worse, the local priest is expected to make

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personal contributions to a communal fund for the over-all operations of the church.

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USSR ACTS TO INTEGRATE BLOC TELECOMMUNICATIONS

Eleven Soviet bloc conferences on telecommunications held since 1956--one this month in Moscow--demonstrate the USSR's desire to overcome the bloc's lack of a unified telecommunications system. A new body known as the Organization for Cooperation Among the Socialist Countries in the Fields of Post and Communications (OSS) has been formed. This new group is apparently associated with, but probably not a part of, the Council for Mutual Economic Assistance (CEMA), since it includes China, North Korea, and North Vietnam as full members.

Under a specific plan prepared by the new organization at the March 1958 CEMA conference in Moscow, all Sino-Soviet bloc countries are to make their telecommunications networks partly automatic by 1965, and fully so by 1975. All participating countries were required to make available immediately the required funds for this program and to report their requirements for telecommunications and their production capacity for such equipment to the proper committee of CEMA by June 1958. They are to accelerate telegraphic traffic between countries and establish relay stations for an eastern television network to be completed in 1965.

The priority of this program may be indicated by the

fact that the Hungarian economic plan for 1958 was altered to provide funds for the fulfillment of the country's obligations. It therefore appears that each country is expected to finance its share of the program without aid from the USSR.

A major build-up of main-line telecommunications structures within and between Communist bloc countries will increase Soviet control in these areas markedly. The program will also strengthen bloc military potential,

[]

The ultimate status of OSS is not yet clear. East Germany, Communist China, and North Vietnam have all pressed for its establishment as a Sino-Soviet bloc counterpart of the Universal Postal Union (UPU) and the International Telecommunications Union (ITU)--both specialized agencies of the Economic and Social Council of the UN--because they have consistently been denied membership in those two organizations. Other bloc countries are opposed, however, for fear of jeopardizing their standing in the UPU and ITU.

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SOVIET ECONOMIC DELEGATION TO VISIT THE SUDAN

The USSR's economic delegation scheduled to arrive in Khartoum in mid-November probably will find the political and economic climate considerably more favorable to encourage Sudanese acceptance of aid than in the past. Both the country's shaky economy and pressure from groups opposing the government's reliance on Western economic aid may force Prime Minister Khalil to accept Soviet assistance. Soviet support of Nasir's Aswan High Dam scheme, however, may prove to be a hindrance to an agreement, for the dispute over the waters of the Nile unites all groups in the Sudan, even those which favor the UAR, against what they believe to be excessive Egyptian demands.

Despite the West's recent substantial economic aid--the target of severe criticism from the opposition--the outlook for the cotton-based Sudanese economy is poor. A serious crop failure and a steady drop in prices followed the 1956-57 cotton-marketing disaster. The country will probably enter the new marketing season, which begins in early March 1959, with a carryover of about 225,000 bales. This is even larger than the 1956-57 carry-over and approximately equal to the total crop for next year. The cotton crop promises to equal the 1956-57 record of 620,000 bales, but prospects for marketing next year are not bright.

A world oversupply of cotton and the Sudan's relatively inflexible prices suggest that Egypt--the Sudan's chief competitor--again will succeed in underselling Sudanese cotton in world trade. Although foreign aid will tend to ease the economic situation, a policy assuring sale of the cotton crop each year is necessary. Under these conditions, the Sudan may be strongly tempted to market some of its cotton through barter arrangements with bloc countries.

The Soviet delegation probably will offer large-scale assistance for the Sudan's economic development program. In addition to machinery, materials, and technical assistance, Moscow may offer some foreign exchange in return for Sudanese cotton.

Khalil may feel he is forced to choose either to depart from his pro-Western position or face an increased threat to the stability of his government. The opposition National Unionist party will make a major effort to defeat the government during the session of Parliament scheduled to begin on 17 November; the party is apparently receiving the cooperation of Communist-dominated labor groups and the leftist press. (Concurred in by UKR)

BRITAIN'S PROBLEMS IN ADEN

Anti-British rioting in Aden Colony highlights the difficulties London faces in its efforts to retain some influence in the southeastern Arabian

peninsula by granting timely concessions and making a new propaganda effort against UAR influence. British authorities crushed the 31 October -

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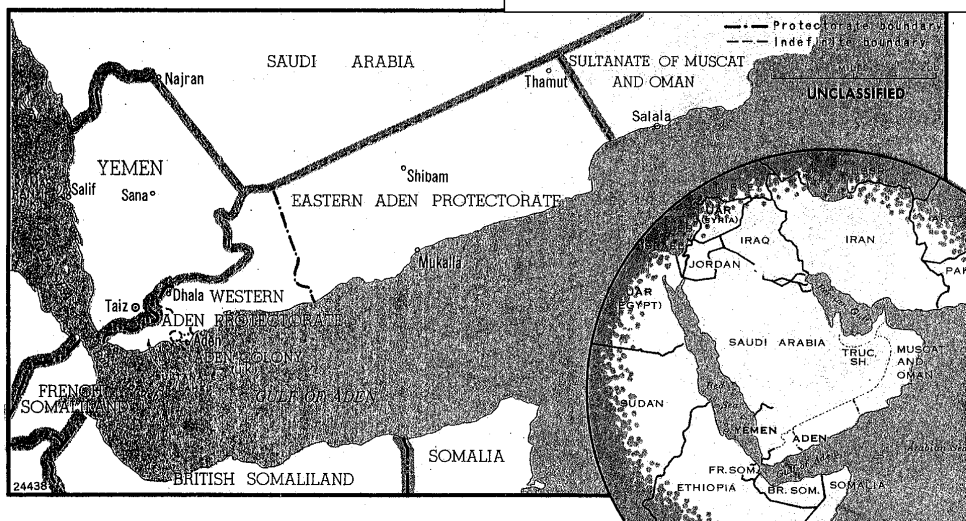
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1 November rioting by forceful action, including deportations of agitating Yemeni laborers, but any further trouble may weaken Britain's determination and ability to proceed with plans for developing greater local autonomy.

Those rulers of the Western Aden Protectorate principalities who agreed in July under British prompting to federate now are meeting with the British in Aden to discuss the temporary capital site, the federal constitution, a defense treaty with the UK, the budget, and the formation of a defense force. Britain, hoping to inaugurate the federation by 1 April 1959, has obtained the promised membership of the probable next Sultan of Lahej, whose large territory adjoins Aden Colony and whose exiled predecessor refused to join.

Aden Government officials hope that constitutional development in the colony will permit linking it to the federation in about four years, with the city of Aden as the future capital.

For the present, London envisages the planned federation as a more convenient framework for resisting subversion and as a counterweight to the attractions of the UAR and Yemen. It ultimately hopes to include the Eastern Aden Protectorate in the federation. The British intend to grant the federation self-determination within ten years, perhaps sooner.



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Meanwhile, the Aden Trades Union Congress has said it will join the nationalist boycott--called for by Cairo radio--of the 4 January 1959 Legislative Council elections. This development apparently quashes the

government's hopes of developing the labor movement as a counterbalance to the forces of more militant nationalism.

INDIAN COMMUNIST PARTY DEVELOPMENTS

Factional infighting between those who advocate a moderate course and those who favor more extreme tactics, long a problem among Indian Communist leaders, has intensified during the past two months as the Communist party's position in Kerala State has grown more difficult.

The Communist government in Kerala is becoming something of a liability for the party at the national level, as well as for Communists in other key states, as a result of recent strikes and civil disturbances in the state which have roused national protests and damaged Communist prestige.

These developments appear to have caused a split in the state Communist leadership, and more recently in the national executive, over the question of whether the party's interests would best be served if the Kerala government resigned at this time, claiming persecution by Nehru's national government. The moderate faction, led by Kerala Chief Minister Namboodiripad and national secretary Ajoy Ghosh, [redacted] that such action now would play into the hands of the opposition and should be deferred until a year or so before the 1962 elections.

The extremist group, led by the secretary of the state party and antimoderate national leaders, has argued strongly that if the party is unable to implement its full program in Kerala, it must leave office immediately so as to avoid losing prestige throughout the country. Communists in West Bengal and Andhra states, where the party's prospects are especially promising, are supporting the position of the extremists who now appear to be gaining strength within the party.

As a consequence of the situation in Kerala, the overall Communist strategy in India has come into question in the top echelons of the party. Opponents of the peaceful approach to power through parliamentary means, which was initiated with great fanfare only last April, now are demanding that this line be abandoned in favor of more forceful methods in opposing the ruling Congress party. While growing pressure on the moderates may eventually force the party to take a somewhat harder line, Communists in India are unlikely to depart radically from the peaceful approach laid down by Khrushchev at the 20th party congress in 1956. This approach resulted in doubling of the party membership since 1957 to around 250,000 and success in a number of recent elections.

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POLITICAL AGITATION IN CEYLON

Opposition parties in Ceylon are again openly attacking Prime Minister Bandaranaike's government, following the lifting of press censorship and the removal of bans on political party activities. These attacks reflect widespread dissatisfaction with emergency rule, which was extended on 27 October for the sixth month, and growing discontent over the government's failure to cope with Ceylon's economic problems.

The economic situation is the dominant antigovernment theme of the two principal opposition parties--the relatively moderate United National party (UNP) and the Trotskyite Lanka Sama Samaj party (LSSP). Inefficiency and congestion at Colombo port have been relieved only slightly since nationalization of the port last August, and the government has not yet backed its promises of economic progress with realistic development plans. Both the UNP and the LSSP have held well-attended public meetings at which their leaders have stressed rising prices, static wage levels, the probability of increased taxes, and governmental ineffectiveness in handling the situation. The two parties reportedly intend to propose a no-confidence vote against the government when Parliament reconvenes in late November. Bandaranaike's coalition has a sufficient majority to defeat such a motion, but antigovernment agitation probably will increase as the parliamentary session approaches.

The UNP is more active than at any time since its election defeat in 1956. It reportedly intends to open additional party branches and continue its series of public meetings. The degree of support which the party may have gained as a result of the government's declining popularity is uncertain, but UNP leaders probably will continue their efforts to attract potential defectors from the ranks of government supporters.

The LSSP, which controls the bulk of Ceylon's strategic urban labor elements, may be the government's most serious political rival at present. At a special conference on 11-12 October, the party discussed holding a general strike in early December. Rumors of such plans have circulated for over a year, but party leader N.M. Perera has consistently opposed strike action designed to overthrow the government until the LSSP is sufficiently popular to gain political power through subsequent elections.

Perera's nonrevolutionary approach apparently still governs party policy, and a motion favoring direct action to overthrow the government reportedly was defeated at the meeting by a vote of 243 to 127. However, the fact that LSSP-led agitation has previously won labor benefits could create popular support for some LSSP strikes based on economic demands.

LAOTIAN GOVERNMENT'S POSITION PRECARIOUS

Laotian Prime Minister Phoui Sananikone is questioning the viability of his government, especially in view of the bitter resistance of elements within

his own party--the Rally of the Lao People (RLP)--to the reforms which he is championing. Phoui describes himself as fighting a two-front war--against the Communist-dominated Neo Lao Hak Zat (NLHZ) and against his own

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party. Phoui has expressed doubts that the government will be able to reverse the NLHZ trend prior to December 1959, when general elections are scheduled. He feels that time is working against the constitutional regime and that the only real alternative may be the radical suppression of the NLHZ.

Phoui attributes the failure of the RLP fully to support him to the "unreconstructed" attitude of many RLP deputies and the ambitions of former cabinet ministers. He is also critical of young reformist members of his cabinet for needlessly antagonizing RLP deputies. His remarks suggest that he feels the anomalies of his position stem from his close identification with the reformist Committee for the Defense of National Interests (CDNI), a movement which many members of the RLP probably regard as a threat to their privileged positions.

Foreign Minister Khamphan Panya, a CDNI member, states that the RLP members of the cab-

inet are gradually isolating the four CDNI ministers, and he has expressed serious concern as to whether the government will be able to withstand pressures from disgruntled elements within the RLP. He observed that most RLP deputies are in severe financial straits as a result of expenditures during the May electoral campaign and resent the government's reforms, which ended the import license bonanza. The deputies therefore can be expected to take out their resentment on the Phoui government.

Developments in the National Assembly on 31 October illustrate the precariousness of Phoui's position. Two RLP deputies joined with the opposition to bring about a vote of 22 to 20 for a seven-day extension of the assembly. Phoui interpreted this last-minute extension as a deliberate challenge to his government and forced the cloture of the assembly as scheduled.

[REDACTED] the assembly may be called into extraordinary session to allow dissatisfied RLP deputies an opportunity to join with the opposition and topple the government. [REDACTED]

OPPOSITION TO SARIT DEVELOPING IN THAI MILITARY GROUP

Marshal Sarit seems to be faltering in his efforts to renovate Thailand's political institutions. Certain key leaders of his military group are becoming restive because of his tendency to retain the right to make all decisions.

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Such key factional leaders as General Thanom, the former premier; General Prapat, the former interior minister; and

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General Krit Sriwara, the commander of the strategic first division in Bangkok, are no longer among Sarit's close advisers. Since his power is primarily dependent on their loyalty, Sarit can scarcely afford to alienate them. []

Thanom is critical of Sarit's delay in forming a provisional cabinet. Sarit may also alienate the Prapat faction if he carries out his plan to include only three military figures in the cabinet.

The group's various factions may still be more widely separated by their disparate aims and mutual distrust than united in their dissatisfaction with Sarit. However, if Sarit continues to isolate himself from them and delays too long in forming a cabinet which will accommodate their interests, he will expose himself to the danger that these factions will submerge their differences long enough to oust him. []

INDONESIAN CAMPAIGN AGAINST CHINESE NATIONALISTS

The Indonesian Government is stepping up its campaign against pro-Chinese Nationalist elements. Begun last April, the campaign apparently was motivated by Djakarta's conviction that Taiwan was materially assisting the provincial rebels, particularly those in North Celebes.

Underlying the campaign, however, are long-standing resentments against the Chinese for their domination of retail trade and the government's need of a scapegoat for its military and economic difficulties. These broader considerations suggest that ultimately the only Chinese spared will be those who have successfully "identified" themselves with Indonesia or have registered as Chinese Communist citizens.

The campaign started with the suspension of all Chinese-language newspapers. Six weeks later, however, many of the pro-Peiping papers were permitted to resume publication. Government actions since then have included the arrest of numerous Kuomintang (KMT) leaders and businessmen, the banning of KMT activities, and the denial of combination exit and re-entry visas to holders of "stateless" (Chinese Nationalist) passports. Last month Djakarta announced its decision to place under Indonesian Government control all enterprises, industries, and educational facilities wholly or partly owned by Overseas Chinese who are citizens of a country not having diplomatic relations with Indonesia. Djakarta recognizes Peiping.

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Estimates of the size of the Chinese community in Indonesia vary from 2,500,000 to 3,000,000. []

approximately 12 percent of the Indonesian Chinese are actively pro-KMT, 20 percent are actively pro-Communist, and another 35-40 percent "identify" themselves with the mainland regime. The remaining 28 to 33 percent are either uncommitted or, as Indonesian citizens, have become identified with Indonesia.

The economic effect of the government's seizure of economic enterprises will be fairly severe, since the Chinese, from the standpoint of business acumen and investment, have been second only to the Dutch in Indonesia, and their absence will leave a substantial vacuum. The cultural and political effect of the take-over of most Chinese schools--a movement which has been under way since

1957--at first appeared to be constructive, from the standpoint of Indonesian nationalism. With the anti-KMT theme given the movement in recent months, however, the remaining Chinese schools will be under the control of pro-Peiping elements.

The Indonesian drive has produced considerable anger and frustration in Taipei, and the Legislative Yuan has demanded that the government appeal to the United Nations and to individual nations for sanctions against Djakarta. The Nationalist Foreign Ministry doubts that an approach through the UN would be productive, and other means of bringing pressure to bear are being explored. The ministry is hopeful that by demonstrating some abatement of "sympathy" for the rebels, a measure of relief for the Chinese in Indonesia can be achieved. This, however, is doubtful. []

PEIPING MAINTAINS HOSTILITY TOWARD TOKYO

Communist China shows no sign of softening its harsh conditions for resuming trade or cultural relations with Japan. []

The Chinese are particularly incensed over Kishi's 9 October interview []

in which Kishi referred to Communist China as an "aggressor nation."

The Chinese Communist price for a resumption of relations is Japanese compliance

with six conditions spelled out []

The Chinese said the Kishi government must: 1) change its "hostile" attitude; 2) stop promoting the "two Chinas" concept; 3) cease interfering with efforts toward restoring normal relations; 4) apologize for the incident in Nagasaki last spring in which a Communist flag was torn down; 5) issue a statement of its readiness to restore relations; and 6) send a delegation to Peiping to negotiate differences. Prime Minister Kishi has insisted that differences between the two countries were only the result of "groundless" distrust.

Peiping's latest move in its cold war with Tokyo was the

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sentencing last week of two Japanese fishermen for allegedly spying, for the Japanese Coast Guard, on Chinese Communist coastal installations. The Communists are expected to use the prisoners to bargain for an improvement in relations. Peiping's release of 122 other fishermen held since May was timed to appear as the result of intercession by Japanese leftists in Peiping in early October.

The Chinese Communists apparently intended that the release of the men would again remind Japanese fishing interests of China's continuing refusal to permit fishing within the Communists' "restricted" area. Last June Peiping refused to renew the annual Sino-Japanese fishing agreement, hoping that Japanese interests would put increased pressure on the Kishi government for an understanding which would permit unhampered fishing in Communist-claimed

areas. Peiping apparently still believes pressure by commercial interests in Japan will eventually bring about a more friendly attitude on Tokyo's part.

However, the impasse with Communist China has ceased, temporarily at least, to be a major issue in Japan, for other problems are receiving almost all the public's attention. Peiping's continued intransigence is regarded by most Japanese, including many businessmen, as unreasonable and as offering little prospect for an early settlement.

Pending a change in Tokyo's policy, the Chinese Communists are expected to stress their desire for more trade with "sympathetic" countries while rejecting offers of intercession by third parties.

BRAZIL MAY EXPAND TRADE WITH SOVIET BLOC

Brazil's approval of 30 October of its first postwar barter deal with the USSR, involving a small quantity of Soviet crude oil in exchange for cocoa, is one of several indications that the government may respond favorably to more of the bloc's recent trade and barter proposals. Public debate on renewing diplomatic relations with the USSR is likely to be revived by publication in Brazil on 11 October of a new statement by Soviet Premier Khrushchev suggesting such ties. Shortly afterwards, Vice President Goulart was publicly invited to visit the USSR.

Most of the bloc's recent proposals either have been

focused on Brazil's shortage of dollar goods, particularly sheet steel, oil, and oil-drilling equipment, or have been blanket invitations to procure, on a barter basis, virtually any type of equipment needed for the government's economic development program.

Its reluctance to become dependent on the bloc for important industrial items is illustrated by its six-month delay in accepting the Soviet oil offer finally approved last week.

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At the same time, however, the government decided in September to lift restrictions on the use by private traders of certain bloc currencies and has recently signed banking agreements with East Germany and Rumania. It already has trade agreements with Poland, Czechoslovakia, and Hungary. Finance Minister Lucas Lopes said in August that Brazil must seek new markets "in new areas, including the areas of Eastern Europe," if the country is to service its mounting foreign debt and also maintain a desirable rate of economic development.

Brazilian trade with the Soviet bloc--which declined last year from its postwar high of \$85,600,000 in 1956--is likely to increase next year. In

addition to the Soviet oil deal, worth about \$1,000,000 each way, Brazil last May signed a three-year barter agreement with Poland calling for the delivery of \$25,000,000 worth of cargo vessels beginning in 1959.

(Concurred in by ORR)

THE POSTELECTION SITUATION IN CUBA

The easy victory of Andres Rivero Aguero, President Batista's hand-picked successor, and other progovernment candidates in the 3 November general elections, has not improved prospects for ending Cuba's two-year-old civil war. Rivero is unacceptable to the Fidel Castro rebel movement.

Rivero, who campaigned on a platform of continuing Batista's policies, won in a light vote. He commands no political following of his own and has reached his present position through devoted service to Batista. After his inauguration on 24 February, he will remain dependent on the government political machine and on Batista's continued domination of the military. A lawyer and former journalist, the 53-year-old president-elect has held several

high government and diplomatic posts. His last position was prime minister from March 1957 until his nomination to the presidency in early 1958.



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FRENCH ECONOMIC PROBLEMS

France's economic and financial situation remains precarious, despite a rise of about \$400,000,000 in its gold and dollar reserves since May which resulted mainly from the special internal gold loan of last summer. Trade and payments balances continue to be adverse, and experts of the European Payments Union believe a devaluation of the franc may be necessary soon. The government's financial outlook is complicated by the imminence of renewed wage demands and the likelihood that De Gaulle's socio-economic proposals for Algeria will be at least as costly as military pacification.

The beneficial effects of the August 1957 devaluation from 350 to 420 francs to the dollar were wiped out by a rise in public expenditures, and Finance Minister Pinay admitted in August 1958 that devaluation would

probably be attempted again if internal stabilization were achieved. In the EPU board's view, it will be politically feasible if the 1959 budget, which is expected to be announced early in December, indicates a deficit close to the present \$1.43 billion limit. The board cites recent evidence of slackening internal demand, and points out that France must consider the eventuality of facing up to Free Trade Area competition and the possibility of a British move to convertibility next year which would threaten France's position in preferential export markets.

Successful execution of the EPU board's suggestion would depend, however, on maintaining price stability. In view of growing labor restiveness, it is likely the government will not long be able to continue postponing consideration of

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wage-hike demands which could shake the delicate price balance.

De Gaulle may be reluctant to adopt more stringent financial measures until he halts the hostilities in Algeria, where his economic proposals imply at least as heavy a financial drain as pacification costs have imposed on France. He is apparently counting on favorable psychological repercussions from a cease-fire to create an atmosphere of confidence in

France's economic and financial potential that will stimulate a flow of capital to facilitate his ambitious development program for Algeria. It is perhaps partly with this in mind that the government is planning to develop Paris as a major capital market center. De Gaulle may envisage restraining the inflationary effect of his Algerian program by channeling into Algeria both French capital and funds from other Common Market countries.

EUROPE'S FREE TRADE AREA NEGOTIATIONS

The OEEC's Intergovernmental Committee (IGC) on a European Free Trade Area (FTA) plans further sessions on 13 and 19 November in an effort to break the impasse between France's demand for protecting its industries and Britain's insistence on free access to the Continental market without prejudicing its world trading interests. The course of events at the 23-30 October meetings, however, suggests that the 17 nations involved are unlikely to reach agreement until some high-level deal is worked out between London and Paris.

Britain attaches high importance to reaching some understanding on a European Free Trade Area before the operations of the six-nation European Common Market (EEC) have had time to become established. The EEC is scheduled to make its first internal tariff cuts on 1 January 1959.

France, concerned about protecting its domestic industries and established markets abroad, has been the principal obstacle to establishing an FTA. At the 23-30 October meeting it expressed alarm that it might lose important markets in FTA countries if they remained free to lower tariffs against non-European countries, as envisaged under the proposed FTA.

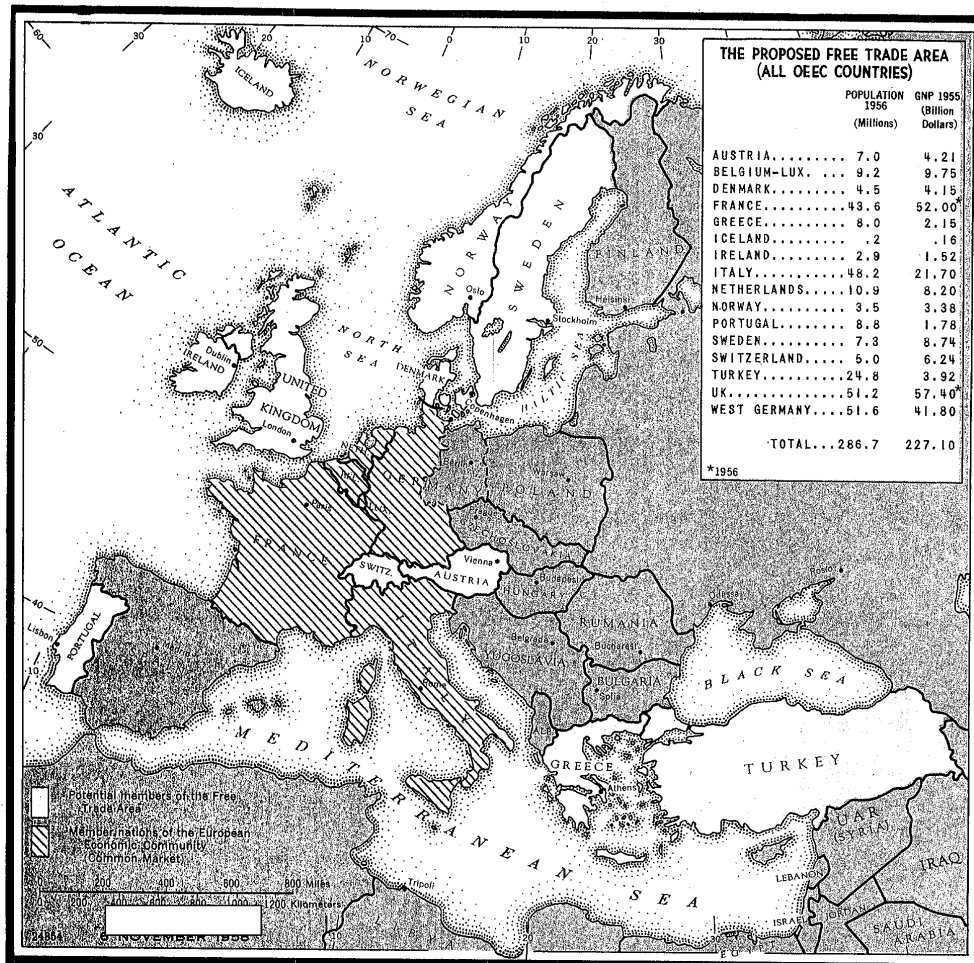
Britain, with its global trading interests, considers such flexible tariff arrangements as essential. France's EEC partners, West Germany and the Benelux countries, favored a compromise on this issue by resorting to prior consultation and a code of good conduct in negotiating tariff reductions with outside countries. Their governments were apparently reluctant to bring pressure on France, however, because of its delicate political situation and acute economic problems.

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It seems increasingly likely that the 17 prospective FTA members will be unable to reach agreement without some high-level Anglo-French deal in which French concessions on the FTA would be set against British concessions on other matters,

such as French interests in Africa or even NATO. Foreign Minister Couve de Murville's visit to London on 6 November may prove important for laying the groundwork for such a deal

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PART III

PATTERNS AND PERSPECTIVES

THE ITALIAN COMMUNIST PARTY: STATUS AND PROSPECTS

Italy's Communist party (PCI), the largest outside the Sino-Soviet bloc, continues to maintain its appeal to voters despite a decline in actual party membership and friction among leaders that may lead to an organizational shake-up at a prospective party congress in early 1959. These handicaps are offset by the Communists' persistent appeal to the protest vote--still not effectively challenged by other parties--and by their continuing dominance of the labor field. Their future in Italy depends to a large extent on the eventual path taken by the Nenni Socialists.

The party's voting strength seems to be little affected by international developments. On the one hand, its close ties with Moscow and its support of Soviet foreign policy have apparently not hurt it significantly. On the other hand, it has not succeeded in its efforts to stir up public opinion over such cold-war issues as the American contribution to strengthening Italy's NATO defense capabilities and the American landings in Lebanon; nor is the PCI's continuing propaganda campaign against NATO missile bases in Italy likely to enhance the party's popular appeal.

In recent local elections in 37 communes, the PCI generally managed to hold its own, affirming the results of the May 1958 national elections, when it gained 600,000 votes under relatively unfavorable conditions and polled 22.7 percent of the total vote. At that time it lost three of the 143 chamber seats previously held, but only because the revised national electoral law eliminated certain advantages formerly enjoyed by big parties.

While the party lost ground in the prosperous northern industrial areas in the May elections, it gained among the agricultural workers of the south. The PCI, which at present suffers from the fact that most Italians are better off economically than ever, could in the event of an economic recession probably hope to recoup its northern losses and broaden its gains in the south.

Communist Party Handicaps

Although the PCI remains the best organized of all Italian parties, it has suffered considerably from apathy and dissension among its rank and file and factionalism in the leadership. Actual party membership, now estimated at 1,500,000, declined in late 1956 and 1957 as a result of the restlessness generated by the Soviet 20th party congress and the Hungarian revolt. This restlessness has been further stimulated by recent reports by delegations of Italian workers on living conditions in the USSR. Further depletion of party ranks may be in prospect if a purge of cadres, which the Italian press in August predicted as a sequel to the "revisionist offensive," takes place. "Deviationism" was a major factor in the party's decision to drop a large number of former senators and deputies from the election lists before the May elections.

Rumors that the aging and ailing party secretary general, Palmiro Togliatti, will shortly be replaced are again prevalent.

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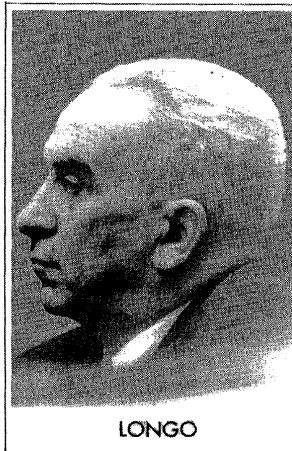
TOGLIATTI

Vice Secretary General
Luigi Longo, who had visited
Moscow early in August,

could be expected
to follow the Moscow line more
slavishly, which would probably
aggravate dissension within
the party and cause further
defections among intellectuals.

During the past two years,
PCI income derived from East-
West trading activities of
party-controlled firms operat-
ing on a commission basis has
fallen off markedly.

How much of this fall-off
can be attributed to Italian
Government regulatory action
is unclear. The party appar-
ently has not suffered much
from the government's measures
of last July banning Communist
public rallies and confiscating
leaflets.



LONGO

Communist Advantages

The PCI's great advantage
seems to be its continuing
ability to present itself to
the Italian public as the chief
party of protest against the
failure of successive govern-
ments to remedy basic Italian
economic defects. The socio-
economic disparity between the
north and the south, chronic un-
employment, and the extremes of
wealth and poverty resulting
from an inequitable tax system
continue to give the party is-
sues which bring it the support
of protest voters as well as of
the majority of workers. Many
not sympathetic to Communism
regard the PCI as the only ef-
fective opponent of bureau-
cratic corruption, state favor-
itism to the "haves," and cler-
ical influence in state affairs.

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The failure of a strong Socialist party to emerge as a democratic alternative to the Communist party has contributed in a great degree to the ability of the PCI to maintain its strength in recent years. The Nenni Socialist party (PSI), since mid-1957--when it voted in Parliament for EURATOM--has been showing an increasing tendency to differentiate itself from its former Communist allies, but so far has been unwilling to make an outright break. The philo-Communist wing still controls the PSI machinery, and reunification with Giuseppe Saragat's Democratic Socialists appears a long way off.

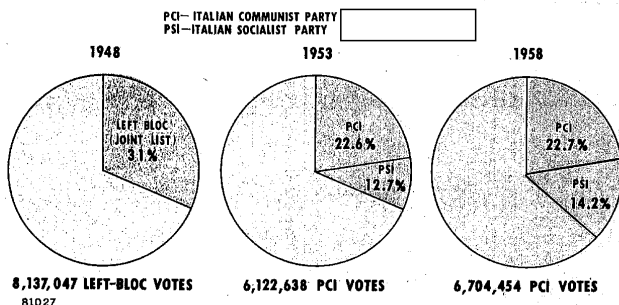
It is in the labor field that the Communists have perhaps their strongest hold on the Nenni Socialists, who are afraid to quit the CGIL lest they be accused of splitting the working class. The failure of the Christian Democratic - oriented Confederation of Free Trade Unions and the Democratic Socialist-dominated Italian Labor Union to merge has also helped the Communists retain a dominant position. The recent formation in the automobile industry of a union heavily financed by management further divides the free union forces.

Prospects

Its past record suggests that the internal dissension it is now suffering poses no serious danger for the PCI. Nor is it endangered by the repressive measures undertaken by the government thus far. Even if Premier Fanfani were to move against the party by proposing an electoral law similar to that recently adopted in France, it is likely that such a proposal for single-member constituencies would arouse as strong opposition from the minor parties as from the PCI.

Substantial progress by the Fanfani government in implementing its bold election platform of socio-economic reform, however, would seriously undercut Communist strength among the workers. Because of probable opposition to these proposals by right-wing elements both inside and outside Fanfani's Christian Democratic party, the government would need the support of most of the 84 Nenni Socialist deputies to get such a program through Parliament.

ITALY: COMMUNIST STRENGTH IN POSTWAR NATIONAL ELECTIONS.



The Communists are also favored by their predominant position in organized labor. The Communist-controlled General Labor Confederation (CGIL) remains the most powerful union in Italy despite a drop in membership from 4,000,000 to about 3,000,000 over the past six years. During 1958 the CGIL began again to win shop steward elections. In the elections in April 1958 in the big FIAT automotive complex, the CGIL won 25.3 percent of the votes, compared with 21.1 percent the year before. In 65 such elections held in the province of Genoa last spring and summer, the CGIL won 64.2 percent of the votes, compared with 61.5 percent the previous year.

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The chances for such support depend largely on the outcome of the PSI congress--now scheduled for mid-January. Nenni has been trying to wrest control of his party's machinery from the pro-Communist wing. He was defeated on 30 October in the central committee on a vote for his policy, which in affect called for greater independence from Communist influence, but may succeed in rallying sufficient support from various party federations

during the next two months to enable him to achieve his objective at the congress.

Communist concern over possible PSI cooperation with the government on socio-economic reform is evident in Togliatti's call to the PSI on 15 October to cast aside all doubts concerning collaboration and return to the unity-of-action pact between the two parties.

* * *

SITUATION IN THE PHILIPPINES

The political and economic drift during the 19 months Carlos Garcia has been President of the Philippines has jeopardized the country's earlier progress toward internal stability. Popular disillusionment with Garcia is widespread, and expressions of dissatisfaction over present trends are mounting in influential government, press, and business circles.

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Failings of Garcia Leadership

Despite bold initial pronouncements, the Garcia administration has consistently failed to take action to meet the country's economic difficulties. Rice production is still inadequate, and the rate of economic growth has been leveling off, except in the industrial sector, where many new enterprises are of dubious economic value. The rapid depletion of foreign exchange reserves which preceded the November 1957 election has halted, but import curbs have been relaxed and reserves have not been built up.

Banking on promises of American loans, the government has postponed basic fiscal and budgetary decisions needed to fight inflationary pressure. Provincial officials have complained of Garcia's neglect of worsening rural conditions, and take it for granted that he has little interest in the social and economic reforms begun under the late President Magsaysay.

Garcia was unable to obtain congressional action on much of his economic program, and there is little indication he will do better in the forthcoming January session. In his own Nacionalista party, there is a growing anti-Garcia faction which includes party and Senate President Rodriguez and Senate Finance Committee Chairman Puyat. Many Nacionalistas have echoed the press and public criticism of the rapid resurgence of corruption throughout the government, and they are further antagonized by the President's monopoly of patronage. Garcia's much-publicized investigations of administrative corruption are now widely regarded as window dressing and as an excuse to put his own

henchmen into the traditionally favorable posts for government graft.

A constructive opposition movement has been hampered by disunity among the opposition parties. The Liberal party has continued to suffer from its association with the corrupt Quirino administration, and the inability of Macapagal, as the nation's vice president, to take swift command of the party has brought forth rivals, such as Senator Padilla, for Liberal party control. So far, a proposed merger with the new Progressive party is stalled over suitable terms.

Vargas' Ambitions

In the present confusion, many prominent political and military figures have apparently eyed Defense Secretary Vargas, now in the position from which Magsaysay rose to the presidency, as a possible answer. Vargas was associated with the late president in the military suppression of the Communist-led Huk rebellion and as armed forces chief of staff during Magsaysay's administration. Vargas' possible political ambitions are suggested by his eagerness for a position in the Garcia administration after retiring as a career officer. Some opposition party members may regard Vargas as the key to eventual opposition unity. He has also been close to ex-Senator Laurel, the chief loser in Garcia's efforts to control the Nacionalista party. Laurel recently added to the speculation over Vargas by praising him as the "last remaining hope of the country for better government."

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[redacted]

brought into his administration many close military associates, and military officers continue to hold prominent positions in the Garcia regime.

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Past Role of Military

Although the Philippine military has never been entirely divorced from conduct of the nations' political affairs, the armed forces have maintained a generally nonpolitical role. In early postwar years, the police constabulary was the primary armed force, and political corruption affecting both it and the army was a major factor in the government's failure to suppress the Huk rebels. The armed forces were more feared than the Huks and were allegedly used to intimidate voters in the notoriously irregular 1949 presidential elections.

In military reorganizations carried out by Magsaysay--then the defense secretary-- [redacted] in 1950 and 1951, the army was expanded, re-equipped, and trained into a relatively disciplined and effective combat force. Magsaysay employed the army not only in a military campaign against the Huks, but in psychological warfare against Communism, in resettlement and economic rehabilitation of surrendered dissidents, and in rural reconstruction. Since 1951 armed forces units have maintained order and free access to polls in all Philippine elections. When Magsaysay became president, he

Conditions in the Philippines have not reached a critical stage, but there is undoubtedly concern among top [redacted] officials that present trends could lead to increased vulnerability to Communist influence. Unless the Garcia administration takes steps to reverse the continued slow deterioration, a favorable climate for military counteraction may develop. [redacted]

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COMMUNIST REGIMES IN EASTERN EUROPE REGAINING STABILITY

The Current Situation

The regimes of Eastern Europe, although exhibiting considerable diversity in their internal policies, have restored a substantial degree of stability and self-confidence since the uprisings in Poland and Hungary in late 1956. The ability to restore control can be ascribed in large part to Moscow's willingness to permit the satellites limited freedom of action and its recognition that a reimposition of extreme Stalinist measures would be inefficient, if not dangerous. The satellite leaders still recognize, however, that their enhanced authority derives from their loyalty to Moscow.

With the re-establishment of bloc unity and the evolution of a new Soviet policy toward Eastern Europe, the satellite leaders have gained a clear understanding of what they can and cannot do. They have latitude to avoid at their discretion those internal policies which would serve to undermine their authority. They can, however, employ repressive tactics where necessary. Consequently, there have been no wholesale purges such as those following the crisis which surrounded Tito's ouster from the bloc in 1948. Hundreds of Hungarians along with Imre Nagy have nonetheless been executed for their role in the revolt.

The handling of dissident intellectual forces in the satellites has ranged from trial and imprisonment to efforts at placating them. Vital problems, such as absenteeism, alcoholism, pilferage, and low productivity, are dealt with by varying degrees of coercion.

The Soviet leaders appear to have developed considerably more confidence in the political orientation and behavior of the

satellite regimes. For example, Moscow has supported Janos Kadar despite his equivocal attitude toward the Yugoslavs

Walter Ulbricht has been able to get rid of dissident elements; at the same time, he has adopted as his own a number of the proposals which his enemies advocated to reverse or modify his harsh internal policy. Polish leader Wladyslaw Gomulka--for the first time

PILFERAGE



"The story of the vigilant night watchman."

Ludas Matyi (Budapest), 3 April 1958

since his return to power in October 1956--has led a ceremonial friendship delegation to Moscow.

A further indication of Moscow's increased confidence in the Eastern European regimes is its reported recent decision to withdraw Soviet military advisers from the area.

Briefly, Khrushchev's objectives in late 1956 and early

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1957 were to re-establish Soviet hegemony over the satellites, eliminate or neutralize the "revisionist" threat to Moscow's ideological primacy, and provide each of the satellite leaderships whatever degree of internal autonomy accorded with the so-called "basic laws."

Strengthened Party Control

Intrasatellite stability required first of all a reconsolidation of the bloc as a whole after the debacle of the Hungarian revolution. This meant a strengthening of party control not only in Eastern Europe, but within the USSR itself. Khrushchev's industrial reorganization increased the authority

ABSENTEEISM

"Sure, but if they shorten the working period it will cut into our absenteeism." - Dikobraz (Prague), 20 September 1957

and prestige of the party and resulted in a dispersal of the highly centralized industrial bureaucracy. In Eastern Europe--where post-Stalin deviations made any restoration of party control both more difficult and more urgent--party first secretaries needed greater leeway if they were to purge their organizations of dissident or potentially dissident factions.

There has been a gradual return to some of the domestic policies associated with the period prior to Stalin's death. This is particularly true in

the "orthodox satellites"--Bulgaria, Czechoslovakia, and Rumania. To a lesser extent a retrogression can be seen in Hungary and East Germany. Albania had never allowed the "thaw" to gain a serious foothold.

Poland reflects a hardening trend in certain facets of its internal policies, although it can hardly be considered an "orthodox satellite" in terms of bloc standards. Warsaw remains more conformist in foreign and intrabloc policies than in internal administration, much of which--particularly the agricultural program--is at variance with the rest of the satellites.

While it is unlikely that Moscow ever desired a total restoration of the more extreme methods of Stalinist control in Eastern Europe, Khrushchev, in his approach to the problem of satellite stability, recognized that the encouragement of liberal trends and of "separate roads to socialism" in 1954-56 was premature. For one thing, Moscow overestimated both the loyalty of the party rank and file and the competence of the satellite party leaders. The Kremlin is now making it clear to them that "localism or nationalism" is to be condoned only within severely restricted limits and is thereby removing whatever support its earlier policies may have seemed to give to "national Communist" elements.

Attitude of Satellite Leaders

For their part, the satellite leaders--some of whom were hesitant to strike out on their own course prior to the crises in 1956--have undoubtedly welcomed the increased authority which Khrushchev has given them. No longer need they concern themselves with the dilemma which ill-conceived attempts at restoring "party democracy" or encouraging local autonomy in economic matters posed for a totalitarian system.

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With the possible exception of Gomulka, the only popular national leader among them, the satellite leaders today share one characteristic--self-interested conservatism. Unlike their Polish counterpart, they take little cognizance of nationalism as a force to be reckoned with in the formulation of internal policies. Most, in fact, owe their present positions to Stalin's past favor and owe their early ideological training to Soviet party schools; they thus are predisposed to abandon whatever innovations followed Stalin's death.

No less than their leaders, the lower party careerists have a vested interest. For them any threat to the regime is a threat to themselves; in their eyes the most dangerous consequence of the short-lived "thaw" was the thinly disguised contempt or ridicule to which they were subjected. The Hungarian revolution taught them that the foundation of their power was at stake.

Questions of Dogma

Some of the more obvious differences in the internal policies of the various satellites undoubtedly stem from their varying degrees of "progress toward socialism" since 1945. Such considerations also play a part in the formulation of Soviet policy toward the satellites. This is evidenced by the fact that Moscow's authoritative journal Kommunist, in its issue of April 1958, graded the countries according to their degree of agricultural collectivization.

Bulgaria and Czechoslovakia were said to be in the vanguard, Rumania, East Germany, and Albania next, and Hungary and Poland were in "special categories." Despite variations in "building socialism," however, all the satellites have reasserted the party's role of

infallible "guide." The renewed emphasis on the dogma of party supremacy may have arisen, in part at least, out of fear that "Titoist" influences may exist in the satellite parties.

Economic-Political Pressures

The reassertion of party infallibility has affected relations between several of the regimes, as well as the policies toward workers, intelligentsia, students, and the professional classes. It has signaled a reimposition of labor controls and an increase in party direction of trade unions and other workers' organs in Czechoslovakia, Hungary, Poland, and Rumania. The reimposition of firm party control over labor and the staging of campaigns against the theft or destruction of "socialist property," however, are only part of a broader effort to ensure greater discipline in all sectors.

In Rumania, the regime has exacted the death penalty for economic crimes and has written laws providing for the confiscation of the property of anyone accused of such offenses. In Czechoslovakia, the workers are held financially accountable for underfulfillment of their production norms or for breakdown of machinery through negligence. Similar measures undertaken in Bulgaria have been more severe than those in Hungary, but both regimes have resorted to coercion against "economic abuse."

The Polish Government has been waging a vigorous but relatively unsuccessful campaign against thievery, embezzlement, and alcoholism. As is the case elsewhere, the average Pole regards the property of the state or collective enterprise as something less than sacred and has little, if any, compunction about appropriating it for his own use.

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Gomulka, who is seriously concerned with raising living standards and stimulating industrial production, has largely avoided the type of sanctions invoked elsewhere in the bloc.

Pressure on "Bourgeoisie"

To some extent, measures aimed at curbing the intelligentsia have merged with a broader campaign against "bourgeois" elements among the populace at large. Such elements include the white-collar workers and the professional civil servants. In Czechoslovakia--where party Secretary Oldrich Cernik recently charged that "many politically alien elements have filled various posts on the pretext of possessing professional qualifications"--100,000 employees have been dismissed from government ministries, nationalized business firms, and other agencies and directed to take "production jobs."

The Czechs are proceeding rapidly with the abolition of private enterprise. The last remnants of independent artisans and handicraft workers are being pressed into collectives. Legal, theatrical, and musical professions have long been fully socialized, and private medical and dental practice is to be eliminated by the beginning of 1959.

In Hungary, where the problem has been one of rebuilding from the foundations the political, economic, and social orders which were disrupted in October-November 1956, the regime has re-established the old "social courts" in the factories, destroyed the workers' councils, and created "industrial discipline commissions."

The regime has also ferreted out those who participated in or provided leadership for the revolt, or who allegedly took part as nonbelligerents in preparations for the uprising.

After disbarring at least 50 percent of Hungary's lawyers, the regime--in a move which it admitted was politically inspired--announced on 31 August that the legal profession had been "nationalized" and that lawyers might henceforth practice only in "collectives." In a similar move it formulated a new medical code which is expected to curtail sharply, but not abolish, the private practice of medicine.

The best example of the divergencies which mark satellite internal policies has been the East German regime's approach to its doctors and teachers. Despite the recent fifth party congress proclamation of

BUREAUCRACY



"Orders have just come to reduce top personnel."
"Well, in that case the porter will have to be fired."

- Sturshel (Sofia), 12 July 1957

an accelerated program of socialization and a "Marxist-Leninist" educational reform, a drastic loss of manpower through defections to the West has forced the regime to make important and highly publicized concessions to physicians, university professors, skilled tradesmen, and retailers. The concessions, however, have the express aim of reducing discontent and amount to no more than a postponement of the regime's drive toward complete socialization.

For the cultural intelligentsia--principally the writers and journalists and secondarily

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the sculptors, artists, and musicians--the post-November 1956 retreat to ideological orthodoxy has meant either submission to the party's dictates or inactivity or worse. The campaign against intellectuals, evident in all of the satellites, has been particularly severe in Bulgaria, Czechoslovakia, Poland, and Rumania.

Agricultural Policies

During the past two years there have been more changes and greater differences in agricultural policies than at any other period--although none of the regimes has expressly abandoned the goal of complete collectivization. To achieve this goal, the satellites have varied both their methods and rate of collectivization, but all, except for Poland and Hungary, have formulated plans for greatly increased collectives by 1960 or sooner.

Bulgaria has claimed that all of its agricultural land will be in the "socialist sector" by the end of 1958. Albania is almost certain to reach its goal of 85-percent collectivization by 1960. Czechoslovakia's 1959 goal of 70 percent appears within reach, and East Germany's drive for 30 percent by 1958 has already been achieved. Fulfillment of the 50 percent for which the East Germans are striving by 1960 is considerably less likely, however, and Rumania's goal of 70 percent for the same year will probably not be realized.

Peasant resistance has been significant. There have been various instances of open, active resistance to collectivization requiring police and/or army intervention. Passive resistance was also highlighted in 1956 and 1957 by the wholesale withdrawal of farmers from collectives in Poland and Hungary, where political changes

permitted such open defiance of state directives.

A return to forced collectivization in either of these two satellites depends on the resolution of opposing political views within their respective leaderships. The party and government in Hungary are reported divided, with the dogmatic party elements favoring a policy of forcing the peasants back into collectives by any means. To date, Janos Kadar--presumably with Khrushchev's backing--has followed a more moderate course, only gradually increasing pressure on the peasants. In Poland, the Gomulka leadership is expected to continue its voluntary collectivization policy at least through 1960--and possibly as long as Gomulka remains in control of the party.

Prospects

It seems unlikely at this time that there will be a significant swing toward either greater repression or greater liberalism in Eastern Europe. The satellites enjoy--and will continue to enjoy--relative autonomy as long as they adhere to the "basic laws of socialist development" as enunciated during the 40th anniversary meeting last November in Moscow and as interpreted by the Soviet leadership.

The power of ultimate decision, however, rests with Moscow, which claims for itself the greatest experience in the revolutionary struggle--experience which entitles it to leadership of the world Communist movement. Moscow has achieved considerable success in restoring bloc unity, but over a long period of time the divergence of state interests and the demand for programs which accord with local conditions may tend to dilute somewhat Moscow's control of Eastern Europe.

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SURPRISE ATTACK IN SOVIET MILITARY DOCTRINE

Since 1954 the role of surprise attack has been given increasing weight in Soviet military doctrine, and recent articles by Soviet military theorists recognize its importance in modern warfare. Perhaps to avoid the implication that the USSR could be defeated by a surprise attack, and reflecting Soviet rejection of "adventurist" reliance on surprise, other important factors, such as the economic base and geography, are still stressed.

Advocates of surprise attack first came into their own in 1954, when some Soviet military theorists began treating surprise as a significant factor in modern warfare. In 1955, Marshal Rotmistrov, writing in the army's authoritative daily Red Star, stated that "in certain circumstances a surprise assault using atomic and hydrogen weapons may be one of the decisive conditions of success, not only in the initial period of a war, but during its entire course."

Through 1955, the debate over the importance of surprise attack continued within the Soviet military hierarchy. Colonel General Popov, in his book Surprise and Unexpectedness in the History of Wars, repudiated surprise as the sole factor in determining the outcome of war and regarded it as a derivative of the constant factors and effective only until the enemy is able to organize resistance and liquidate inequalities. In a review of this book, in November 1955, Rotmistrov argued that a weak belligerent could use surprise to compensate for his weakness.

Marshal Zhukov, in an address to commanders in the Group of Soviet Forces in Germany in March 1957, asserted that the USSR would definitely be the one to unleash a war if it became

apparent the West was preparing to attack. His other remarks, relating to the role of the Soviet Forces in Germany, suggest that, of the various courses of action open to the Soviet Union in the event of war, the USSR would choose to place considerable weight on the factor of surprise and select a course midway between maximum prior reinforcement and initiating an attack with its forces in being.

Soviet forces presumably would, at a time selected by themselves and using only those reinforcements available without sacrificing maximum surprise, begin a coordinated assault designed to secure the entire Continent of Europe.

Today, military writers continue to convey the impression that a successful surprise attack could be decisive, strategically as well as tactically, but usually within the context of broader issues. An article in Soviet Aviation in August 1958 warns that "to be late... with counteractions may in many cases mean defeat, not only in an operation, but also on a strategic scale."

This suggests that the USSR must not only be prepared to launch retaliatory blows, but also that it must strike first when it believes an enemy attack is imminent (a pre-emptive strike). The author asserts that the time factor must be considered both from the point of view of one's own intentions "and in respect to the intentions of a probable opponent," indicating that the warnings about prompt counteractions refer to an imminent rather than to an actual enemy attack.

Geography is also treated as a determining factor, but in the sense that large land areas provide greater opportunities for dispersal of industry and

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population against nuclear attack; socio-political factors are cited as important for a prolonged war of attrition.

A Military Herald article by a Colonel Baz in June 1958 projected an image of World War III as a prolonged war, while conceding that contemporary weapons make surprise attack particularly effective. Major General Talensky in the August 1958 issue of International Life, addressing himself to the "prevention of surprise attack," argues that "even in the nuclear era, the outcome of war will be decided by the totality of economic, social, political, and military factors, and not only by the factor of the suddenness of attack." He also reasons, however, that "there always will be enough symptoms to indicate the initiation of preparations of the armed forces of a state that intends to launch a surprise attack on a neighbor," thereby suggesting the necessity of avoiding surprise attack by attacking first.

The role of geography has always been an important factor in Soviet military theory, but its role has been modified by the increasing importance assigned to surprise. In 1955 Rotmistrov argued that the idea of luring the enemy deep into the country and destroying him there is absurd today and that the main advantage of the great territory of the USSR is to permit dispersal of its population, its industries, and all productive forces.

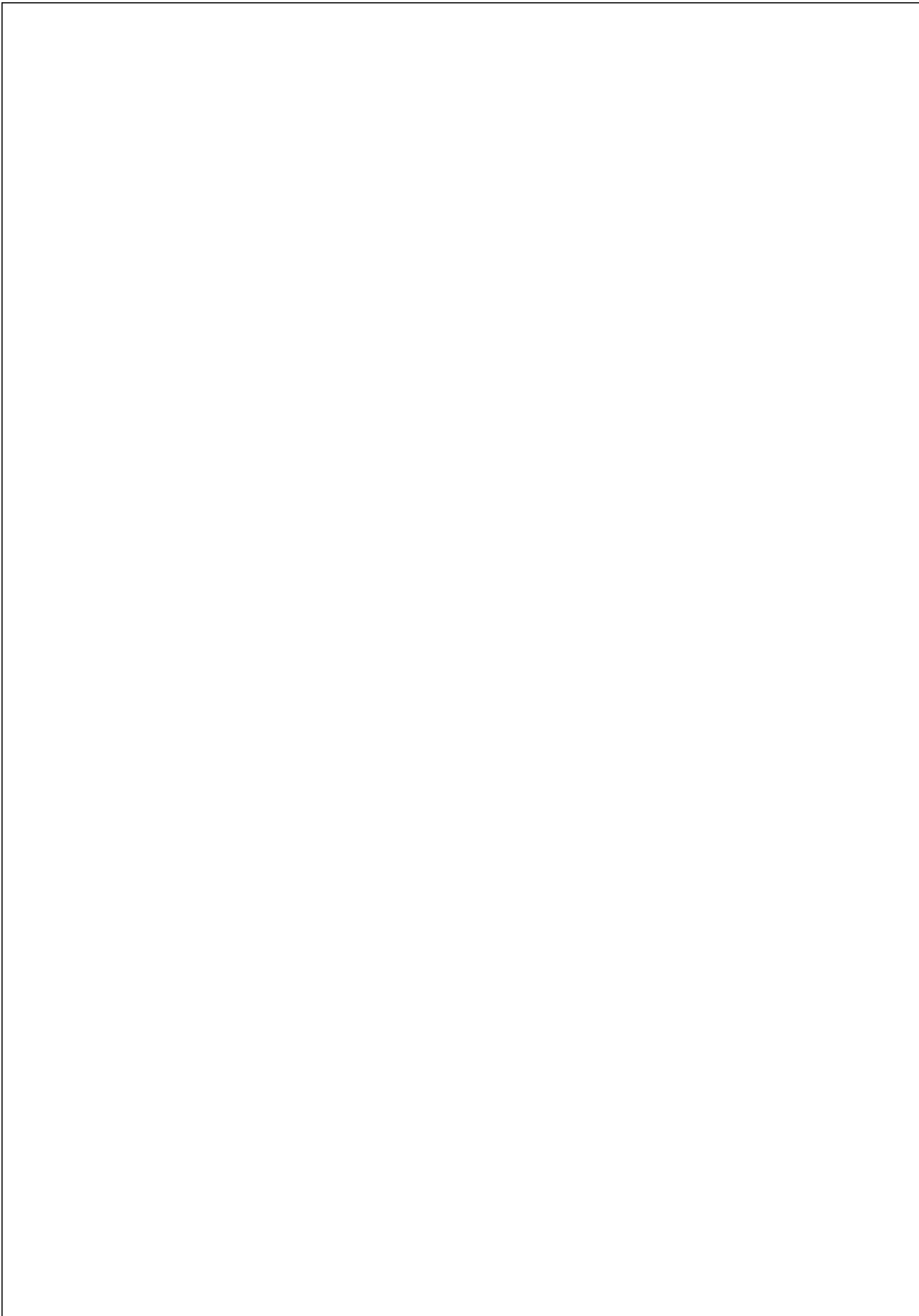
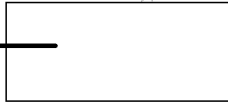
In August, an article in Soviet Aviation which discussed "basic factors determining the course and outcome of war" contended that geographic distribution of productive forces is especially important now that the destruction of these forces is possible on a wide scale. The principal implication of the article was that the great size of the USSR gave it almost a unique opportunity among modern nations to have a sizable portion of national territory survive a surprise enemy assault with modern weapons.

In a further effort to establish the invincibility of the "first country of socialism," the article, while admitting that the "role of surprise has especially grown in contemporary wars," in essence still gave the familiar "permanently operating factors" as those determining the final outcome.

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